2014/15-2018/19 STRATEGIC PLAN &
2014/15 ANNUAL PERFORMANCE PLAN
Agenda

- SARS Mandate
- Highlights of SARS business
- SARS Strategy
- Strategic outcomes
SARS mandate

- Collect all revenue
- Ensure compliance with tax and customs law
- Customs service – revenue, manage borders and trade
- Advise Minister of Finance
- Advise Minister of Trade and Industry
Core outcomes of SARS strategy

- Increased Customs Compliance
- Increased Tax Compliance
- Increased Ease and Fairness of doing business with SARS
- Increased cost effectiveness, internal efficiency and institutional respectability
Compliance is at the core of SARS strategy

- The Compliance Strategy seeks to:
  - encourage voluntary compliance
  - establish an uncomplicated system that deals fairly with those in it and minimises leakages
  - increase its focus on bringing those outside the system into it
Compliance levers

• Education
  – Taxpayers that are aware of their rights and obligations are more likely to comply

• Service
  – Providing a professional, fair and efficient service promotes compliance

• Enforcement
  – Credible enforcement promotes fairness and deters non-compliance with tax laws
Levers in action

- Differentiate among sectors of the taxpayers
- Breadth, depth and leverage
- Collaboration with other government institutions
- Ensure integrity of SARS systems and people
Strategy map for SARS core strategy

- Revenue
- Tax & Customs Compliance
- Education
- Service
- Enforcement
- Segment Mgt.
- Channel Mgt.
- People Capability
Compliance challenges in the medium term

• Trends have shown improving compliance levels

• Slower economic growth will place pressure on the projected revenue collection

• Global trends of tax base erosion and profit shifting through aggressive avoidance and evasion schemes

• Growing illicit economy – e.g. cigarette smuggling

• Growing disquiet about government spending
Therefore

- Maintain and improve public trust in SARS
- Maintain and improve compliance levels
- Respond to non-compliance early
- Increase capability to interdict illicit trade
- Combat unacceptable avoidance
- Enhance collaboration with other government institutions
SARS business at a glance

1. Education
   - Core process
   - Legislation & mandate

   - Education
   - Registration
     - Licensing
     - Deregistration
   - Filing
     - Declaration
     - Payment
   - Dispute Management
   - Receivable Management
   - Audit & Investigations
   - Judicial Process

2. Service

3. Enforcement

<table>
<thead>
<tr>
<th>Education &amp; Outreach 2013/14</th>
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<tbody>
<tr>
<td>Education campaigns</td>
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<tr>
<td>Campagnes to</td>
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<td>Employers</td>
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<tr>
<td>Employees</td>
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<td>Campagnes through</td>
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<tr>
<td>Co-locations</td>
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<td>MTU's</td>
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<td>Points of service</td>
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<tr>
<td>Interventions at</td>
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<tr>
<td>Schools</td>
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<tr>
<td>Branches</td>
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<tr>
<td>Visited</td>
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<tr>
<td>Institution/ organisation</td>
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Footprint:
- Branches 51
- Mobile Tax Unit 9
- Ports of entry 34

Capability to handle 4 channels (electronic, telephonic, postal and walk-ins)

Pieces of legislation: 22

Total Register: 25 mil (20.3 mil active)
- Individuals (active): 17 mil
- Companies (active): 3 mil
- Trusts (active): 0.3 mil

Number of filing transactions: 25 mil

Queries addressed: 10 mil

Tax entities audited (compliance audits): 1.8 mil

Revenue collected: approximately R900 bn.

Number of visitors to branch offices: 6.38 mil (2012/13)

Operating expenses: 0.97% of revenue collected

Headcount: 14 137 (2013/14)

MTU served approx 720,000 people
Over the medium term, SARS must collect...

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<thead>
<tr>
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<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>993 650</td>
<td>1 095 100</td>
<td>1 208 720</td>
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<td><strong>Nominal growth %</strong></td>
<td>10.4%</td>
<td>10.2%</td>
<td>10.4%</td>
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Source: 2014 Budget

| **SARS Budget**      | 9,440   | 9,899   | 10,509  |
| **Increases Y-o-Y**  | -1%     | 5%      | 6%      |
| **Expected Inflation (MTEF)** | 5.6% | 5.5% | 5% |
Over the medium term, funds SARS will receive...

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<tr>
<th>Year</th>
<th>Projected Cost</th>
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<tr>
<td>2013-14</td>
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<td>2014-15</td>
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<td>2015-16</td>
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<td>2016-17</td>
<td>10133459</td>
<td>10508911</td>
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Revenue composition 2013/14

### Marginal tax rate

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<td>PIT %</td>
<td>43%</td>
<td>45%</td>
<td>40%</td>
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<tr>
<td>CIT %</td>
<td>40%</td>
<td>35%</td>
<td>28%</td>
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- **Personal Income Tax**: 310.9, 35%
- **Companies Income Tax**: 179.5, 20%
- **Value Added Tax**: 237.8, 26%
- **Customs duties**: 127.6, 14%
- **Other taxes**: 44.1, 5%
Revenue growth 1994-2014

11.5%
Priorities...

- Enhance technical capability of staff
- Single registration of taxpayers across government
- Implement Customs Bills and WTO trade facilitation
- Refined approach to taxpayer segments (e.g. small business)
- Regulation of intermediaries
- Improved management of complaints
- International exchange of taxpayer information
- Border management
Thank You!